



Colour Life Services Group Co., Limited

Stock code: 1778



Interim Report 2024

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Corporate Information



BOARD OF DIRECTORS

Executive Directors

Mr. Liu Hongcai (*Executive President*)

Ms. Yang Lan (*Chief Financial Officer*)

Non-executive Directors

Mr. Zhu Jindong (*Chairman*)

Mr. Timothy David Gildner

Mr. Chen Wenjian

Independent Non-executive Directors

Mr. Lee Yan Fai

Mr. Zhang Raymond Yue

Ms. Yu Shan

AUDIT COMMITTEE

Mr. Lee Yan Fai (*Chairman*)

Mr. Zhang Raymond Yue

Ms. Yu Shan

REMUNERATION COMMITTEE

Mr. Zhang Raymond Yue (*Chairman*)

Mr. Lee Yan Fai

Ms. Yu Shan

NOMINATION COMMITTEE

Mr. Zhu Jindong (*Chairman*)

Mr. Zhang Raymond Yue

Ms. Yu Shan

COMPANY SECRETARY

Ms. Luo Shuyu

AUTHORISED REPRESENTATIVES

Ms. Yang Lan

Ms. Luo Shuyu

REGISTERED OFFICE

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman

KY1-1111

Cayman Islands

PRINCIPAL PLACE OF BUSINESS AND ADDRESS OF HEADQUARTERS IN THE PRC

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The Platinum Tower

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Futian District

Shenzhen, the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

21/F., CMA Building

64 Connaught Road Central

Hong Kong

LISTING INFORMATION

Share Listing

The Stock Exchange of Hong Kong Limited

Stock Code: 1778

COMPANY'S WEBSITE

www.colourlife.hk

AUDITOR

Prism Hong Kong Limited (Formerly known as Prism Hong Kong and Shanghai Limited)

Registered Public Interest Entity Auditors

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman

KY1-1111

Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited

17M Floor

Hopewell Centre

183 Queen's Road East

Wanchai

Hong Kong

PRINCIPAL BANKERS

(In alphabetical order)

Bank of China Limited

Industrial and Commercial Bank of China Limited

Honors and Awards

1. On 11 April 2024, Colour Life Services Group was awarded the “2024 Property Service Enterprise Excellence Performance Award” at the 2024 Guandian Property Conference organized by the Guandian Index Academy;



卓越指数
2024物业服务企业创新能力卓越表现
观点指数研究院发布

1	万科物业
2	碧桂园服务
3	雅生活集团
4	华润万象生活
5	中海物业
6	保利物业
7	融创服务
8	龙湖物业服务集团
9	卓越商企服务
10	彩生活服务集团
11	金地智慧服务
12	新城悦服务
13	招商积余
14	绿城服务
15	金茂服务
16	合景悠活
17	世茂服务
18	佳兆业美好
19	永升服务
20	金科服务

观点指数

3. On 11 April 2024, Colour Life Services Group was awarded the “2024 Property Enterprise Service Excellence Award” at the 2024 Guandian Property Conference organized by the Guandian Index Academy;

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10	招商积余
11	金地智慧服务
12	永升服务
13	卓越商企服务
14	新城悦服务
15	金科服务
16	世茂服务
17	越秀服务
18	远洋服务
19	金茂服务
20	新希望服务
21	彩生活集团
22	合景悠活
23	时代邻里
24	金融街物业
25	滨江服务
26	华发物业
27	建发物业
28	采万家
29	铂城生活服务
30	京城佳业

观点指数

2. On 11 April 2024, Colour Life Services Group was awarded the “2024 Property Service Enterprise Excellence Performance in Innovative Capability Award” at the 2024 Guandian Property Conference organized by the Guandian Index Academy;



4. On 18 April 2024, Colour Life Services Group was awarded the honour of “2024 China Top 100 Property Service Enterprises” at the 2024 China Top 100 Property Service Enterprises Research Results Release Conference and the 17th China Top 100 Property Service Entrepreneurs Forum;

Honors and Awards

5 On 18 April 2024, Colour Life Services Group was awarded the honour of “2024 China Leading Property Management Companies in terms of Technology Application” at the 2024 China Top 100 Property Service Enterprises Research Results Release Conference and the 17th China Top 100 Property Service Entrepreneurs Forum;



6 On 18 April 2024, Colour Life Services Group was awarded the honour of “2024 China Major Cities Property Service Top 10 Outstanding Enterprises in Shenzhen” at the 2024 China Top 100 Property Service Enterprises Research Results Release Conference and the 17th China Top 100 Property Service Entrepreneurs Forum;



7 On 16 May 2024, the Research Results Release Conference of 2024 China Real Estate Developers and the 22th China Real Estate Brand Development Summit, hosted by China Enterprise Evaluation Association, Institute of Real Estate Studies of Tsinghua University, and Information Technology Research Institute of Beijing China Index Academy and sponsored by China Real Estate Top 10 Research Group under Information Technology Research Institute of Beijing China Index Academy, was grandly convened; Shenzhen Colour Life Services Group Co., Limited won the honour of “2024 Community Value-added Service Capabilities Top 10 Listed Property Service Companies in China” by virtue of its high-quality development of community value-added service capability;



Dear Shareholders,

In the first half of 2024, the global economic environment continued to be pressurized, and the overall economic downtrend was visible. The property industry, as one of the barometers of the macro-economy, also faced unprecedented challenges and difficulties, which not only tested the resilience of property companies, but also prompted us to better recognize the importance of long-term preparedness.

This year, the government continued to stimulate the property market by lowering the threshold for home purchase, reducing the burden on home buyers, optimising the credit environment and other favourable policies, which provided more development opportunities for the property industry. At the same time, it issued a pricing mechanism for relevant property fees, clarified the charging standards, reiterated the guideline price, and standardised the service charges for residential property services; and put forward a higher demand for the quality of commodities and services, so as to better satisfy the need of people to improve their lives. In addition, the continuation of the policy of encouraging community elderly care and the period of high quality development of community value-added services also pointed towards a new development direction for property enterprises.

In this era of the torrent, with rationality as the rudder and pragmatism as the sail, Colour Life accurately captures the pulse of the times, deeply ploughs in every inch of the industry's texture. We know that the only way to withstand the storm is to strengthen our internal strength; the only way to ride the wave is to follow the trend. Therefore, we focus on deep ploughing in service optimisation, fine cost control, accelerated efficiency enhancement and technological innovation, with the four core strategies driven in parallel, casting a solid cornerstone for the enterprise to break the waves in the new era.

Every step forward is the result of the relentless pursuit of excellence, and every moment of perseverance is the manifestation of the solid and steady entrepreneurial spirit. Colour Life is continuing to write a new chapter of its own in the long river of history at a determined pace, interpreting the profound connotation of “seeking opportunities in changes and creating the future in challenges” with practical actions.

Up to 30 June 2024, the Group recorded a revenue of RMB974.5 million from its principal business, net profit of approximately RMB33.1 million and a net profit attributable to shareholders of RMB24.4 million. Up to the end of June 2024, the total contracted GFA of Colour Life reached 328 million sq.m., serving over 7 million residents from 1,931 communities in 120 cities across the country.

HIGH QUALITY CONSTRUCTION OF THE FOUNDATION FOR DEVELOPMENT, NEW INTELLIGENT INNOVATION OF THE NEW CHAPTER OF PROPERTY INDUSTRY

This year, the “Action Plan for Further Improving the Quality of Products, Projects and Services (2022-2025) (《進一步提高產品、工程和服務品質行動方案(2022—2025年)》)”, jointly issued by the State Administration of Market Supervision and 18 other departments, clearly states that the quality of property services should be enhanced and the property service standard system should be improved. The aim of this initiative is to promote the reproducibility and transmission of the property service process through standardised construction, thereby enhancing the overall quality of service. The 14th Five-Year Plan and the Outline of Vision 2035 propose to “promote the construction of smart communities, rely on community digitisation and offline community service agencies, build a smart service circle that is convenient and beneficial to the people, and provide a community life that integrates online and offline services, community governance and public services, smart communities and other services”.

Chairman's Statement


The property management industry is a labour-intensive industry, with labour costs accounting for a relatively large portion of its total operating costs. The continuous rise in labour costs is a common problem faced by all industries, and property management companies are facing even greater pressure. This development trend is in line with Colour Life's long-standing business philosophy of empowering its development through the integration of intelligent systems and devices such as digitalisation, technology and intelligence into its business.

The core competitiveness of the property management business is the enhancement of service efficiency. Especially nowadays, in the face of the difficulties in raising management fees and rising labour costs, creating a set of efficient solutions to enhance customer satisfaction will become the basis of a company's survival. Based on years of independent research and development and continuous exploration, Colour Life has built a strong digital platform for property management covering five basic services (security, cleaning, greening, maintenance and engineering), operating systems based on work orders (elevator, energy, renovation, etc.), and customer service platforms (complaint, repair, parking, payment, etc.). By further classifying the whole process of property management services, the platform is conducive in improving the work efficiency of the Group.

In order to improve work efficiency and save labour costs, Color Life deployed six digital employees in the relevant period, achieving intelligent and automated workflow in seven business scenarios. A digital employee can complete the workload of 6-10 ordinary employees, improving work efficiency by 75%, reducing costs by 50%, and releasing 45% of the workforce. In order to manage talents more scientifically, Colour Life developed and put into use the Eagle Eye platform, an intelligent attendance and employment system. It is based on cloud computing, big data, LBS positioning, AI analysis and other technologies on the basis of employee attendance and check-in and project electronic fence data, and combining the integrated platform for employee on-the-job management established by multi-dimensional operation analysis of software and hardware data such as work orders, project sky eyes, access control, parking lots, etc. Through the Eagle Eye platform, we can accurately and clearly monitor whether employees are actually and effectively working on the job during working hours.

This year, Colour Life continues to walk with the times, using technology as a wing to scale new heights in the field of intelligent services. We took the lead in introducing AI big model, deeply integrating with business management, and upgrading service performance from image recognition to security inspection, complaint report and lift maintenance, comprehensively upgrade service performance, and have efficiently processed more than 2.4 million images, demonstrating excellent intelligent processing capability. In addition, the AI inspection robot was successfully piloted, running for 238 days, accurately completing 9,931 inspection tasks, accurately capturing and generating 499 work orders for abnormal events, realising the leap of intelligent and refined property management. We will always drive development with innovation to make intelligent services accessible and lead a new style of community life in the future.

As the industry advancing towards high quality, the industry has deeply realised the importance of satisfaction. The development of property management companies has returned to consolidating the brand foundation through high-quality development, achieving market share expansion and increasing collection rates to maintain stable cash flow and corporate profits. Colour Life advocated on creating an inclusive, shared, green and beautiful community ecosystem on an ongoing basis and improving the quality of project services. Up to now, Colour life has 220 quality improvement projects, covering 22 cities including Beijing, Shanghai, Shenzhen, Chengdu, Nanjing, Xi'an, Liuzhou, Xiangyang and Wuhan, which involved 425 aspects including safety, the environment, parking lots and engineering; and also carries out centralised quality rectification and improvements to projects nationwide, with a planned annual investment of RMB92.36 million.



This year, Colour Life launched the “Daily 315” quality supervision work, and regarded customer satisfaction as the lifeline of enterprise development, profoundly interpreting “customer-centred” is not just a slogan, but a service philosophy integrated into the enterprise’s bloodline. Through the construction of an all-round, multi-level service system and supervision mechanism, not only does it ensure a steady improvement in the quality of service, but also in each service, it expressed the relationship with the owners as a whole and build a better home with owners, conveying the warmth of home and peace of mind, so that the owners feel “community service to home” deeply. This innovative initiative not only strengthens the owners’ sense of participation and sense of belonging, but also promotes the communication and understanding between the property and the owners, forming a benign circle of the two sides to jointly promote the quality of the project. Data shown that only in the first half of the year, with the implementation of the “Daily 315” quality supervision work, customer service volume has surged, customer satisfaction has increased significantly, and the number of customer commendations have also increased significantly, which is the best affirmation of Color Life’s service quality and service attitude.

DEEP PLOUGHING INTO DIVERSIFIED FIELDS AND FULL ACTIVATION OF COMMUNITY POTENTIALS

In recent years, with the surge of the Internet and the prosperous rise of community value-added services, Colour Life has taken advantage of the trend to profoundly understand the diversified needs of homeowners in daily life, such as clothing, food, housing and transportation, and has carefully created a series of value-added businesses. By accurately delivering rich resources and abundant benefits to every owner, Colour Life has reshaped the ecology of community services so that every owner can feel the warmth and strength of the community.

With unique market insights and profound user care, Fantasia Insurance, the internet insurance service platform of Colour Life, has carefully woven a multi-dimensional protection net covering family safety. It has sensitively captured frequently occurred scenarios which are seemingly ordinary but possesses hidden risks in the daily life of community owners – from “home insurance” to protect family property, to “gas insurance” for gas safety, and to “electric bicycle insurance” for the new favourite of modern mobility, the emergence of each product is a brave expansion of the safety boundary and a deep commitment to a happy life. Fantasia Insurance has transformed cold insurance terms into warm-hearted service commitments, building a more harmonious and safer living environment.

The Group explored an array of innovative business models based on community scenarios to find a development path suitable for Colour Life. The Group has created a community online shopping platform, Colour Life Select (彩優選), which covers a full range of selected commodities such as basic foodstuff, daily necessities, agricultural by-products and fresh food. The platform helps deliver quality products directly to property owners from farmlands and production workshops at preferential prices. In addition to providing a full range of products to meet people’s daily needs, the platform has also set up a special agriculture supporting zone to bridge the gap between rural and urban areas. It contributes to promoting rural revival while delivering fresh, quality and affordable agricultural products and by-products to the dining table of every Colour Life property owner. Moreover, Colour Life Select recruited property owners to arrange group buying in the community, offering them zero-cost opportunities to start a small business. The platform is responsible for goods preparation, logistics, distribution and aftersales services. Colour Life Select also launched a hot product campaign in the year, in which people in charge from different cities served as local specialty product recommendation officers, used city business cards to increase product visibility and increase revenue generation. We believe that enterprises which aim at continuously developing and remaining vital must keep moving, stay sensitive and innovative, and explore more possibilities for the future.

Chairman's Statement



The 2024 government work report proposed to promote the expansion and enhancement of the quality of services such as elderly care, child-care and home help services, and to support social forces in providing community services. In response to the national strategy of actively coping with the aging population and implementing the healthy elderly care strategy, Colour Life has always insisted on building flexible guarantees for people's livelihood and well-being. We formed a strategic cooperation with China Everbright Senior Healthcare Company Limited. The two parties planned to jointly create multi-field application scenarios such as community home-based elderly care services, smart elderly care services, and aging-friendly transformation services. In the future, the two parties will jointly build a medical and health care service centre to provide customers with health services such as rehabilitation, physiotherapy, and physical examinations to integrate into people's livelihood and enhance value. In the future, Colour Life will continue to explore and integrate high-quality resources, actively participate in the layout of health and elderly care services, and promote the continuous improvement of the Company's elderly care service system to benefit the people.

With the improvement of people's quality of life, homeowners are increasingly pursuing the convenience of life, efficiency of service and personalisation. In order to accurately respond to this changing trend, Colour Life has innovatively expanded its all-round, multi-level home services, which cover a wide range of areas from daily housekeeping care to professional home cleaning and maintenance, from emergency repair and installation to comprehensive home safety and health protection, as well as convenient logistics and express delivery, and enriching the home entertainment experience. Relying on its strong integrated resource integration capability, Colour Life continues to broaden its service boundaries to ensure that each of its services precisely meets the actual needs of homeowners. By becoming an indispensable and caring partner in the lives of homeowners, Colour Life helps every homeowner enjoy a more comfortable, convenient, safe and fun home, and promotes a comprehensive upgrade in the quality of life of homeowners.

In the wave of call for green transformation, Colour Life is leading the property industry towards a new era of carbon neutrality. As a dream-builder of low-carbon communities, Colour Life has not only understood the needs of the times, but has also taken the initiative to take the lead in the deployment of distributed community energy storage, integrating green technology into daily life, and lighting up a new chapter in the construction of ESG for properties. Facing the dual challenges of climate crisis and economic restructuring, Colour Life has interpreted its corporate responsibility with practical actions, making every community a vanguard of energy saving and emission reduction. In the era of inventory, Colour Life takes green operation, green procurement and green office as the engine to drive a new style of low-carbon life, contributing to the "dual-carbon" goal and drawing a blueprint for sustainable development of the earth.

CREATE A FREE, WARM, COLOURFUL AND PROSPEROUS COMMUNITY

Having been deeply involved in the industry for 22 years, we have become increasingly aware of the fact that community-based services are the core of a company's survival. In terms of basic business, we are gradually realising the change from managing things to serving people, providing basic protection and foundation for owners with comprehensive supporting facilities and other hardware, and at the same time enhancing our service awareness to continue to take "warm community as the core", integrating warmth and emotion into our services based on the perspective of homeowners.

In May, the Group launched the third exclusive IP event for Colour Life property owners – Colour Festival. Focusing on the three series of events themed Authenticity, Benefits and Colour, we invited property owners to visit property management work settings and received their feedback and suggestions on site, reviewed the front-line staff, and selected 27 outstanding property managers with 750,000 votes; we also held a benefit event for property owners by gifting them rice and tissue; and hosted the Colourful Fellow Residents Festival which featured a series of community based interactive activities for people of all ages, including the elderly, youth and children. As of the first half of the year, the Group planned a total of 5 large-scale community events with over 600 sessions held, covering over 5 million property owners.

In June, during the college entrance examination period, the Group carried out college entrance examination assistance activities, delivering energy packs to college entrance examination students, organised examination escort buses, designed posters and banners for cheering, posted mute proposals. The community square dance team initiated “mute dances” to protect all candidates, which became one of the favourite community activities of homeowners every year.

Colour Life has always been practicing charity and walking with love. This year's charitable activities are themed on “Warming the Elderly in Difficulties in the Community”, lighting up the lighthouse of love and illuminating the afterglow of the sunset. After a nationwide project visit, from the 30 projects screened out 30 of the neediest elderly, 30 warm care have been delivered precisely, from financial assistance to daily life care, from health management to psychological counselling, meticulous care for the elderly in distress. We firmly believe that love makes loneliness no longer prolonged. Colour Life interprets responsibility and commitment with actions, so that every care becomes a solid support for the elderly in their twilight years. This is not only a public welfare action, but also a warm transmission of social civilisation, inspiring more people to be kind, building a harmonious community and making the community warmer.

At the same time, in the Colour Life pilot project, we joined hands with homeowners to launch public welfare activities, and built shelters for stray cats with love, giving them a warm refuge, which has already given 5,000+ stray cats a new lease of life. This is not only a gentle treatment of life, but also a beautiful testimony to the harmonious coexistence of the community. The activity has won widespread praise from owners and all walks of life, not only improving the environment of the community, but also awakening the resonance of the community's concern for stray animals. Colour Life Community, interpreting great love with actions, letting love become a link between people's hearts, and jointly drawing a warm and harmonious community picture.

On the occasion of the Group's 22nd anniversary this year, Colour Life has joined hands with homeowners to create a song called “Happy Clock 22” to convey their feelings. The song is not only about the warmth of daily life between property and homeowners, but also about the love-hate relationship in the community. In the laughter, we witnessed the colourfulness of the Colour Community, and every moment was a happy check-in. We have been together through thick and thin for 22 years. In the future, let us continue to join hands and let happiness fill every day of Colour Life!

At the same time, Colour Life carried out a brand refresh. Insisting on the brand concept of equal, practical, free and prosperous and adhering to the spirit of “Service to Your Family”, we are committed to becoming an equal, practical, free and prosperous leader in life services, and creating peaceful and prosperous life experience for hundreds of millions of families.

CONCENTRATING ON REGIONAL MARKETS AND BUILDING A STRONG TALENT FORCE TO CHART A NEW PATH

The industry has been experiencing a severe downturn this year, which has brought great challenges to property companies, yet also brought forth opportunities. Professional competence and flexible market adaptability have a significant impact on whether a property management company can sustain stable development amidst the current turbulent environment. Development mindset determines the growth potential of a company. To ensure stable market development, Colour Life made drastic adjustments to its market strategy, consolidated resources and talents in strategic deployment, and cancelled regional administration. We focused on specific regions, and adopted a highly efficient two-and-a-half-tier management structure, i.e., led by the group headquarters, supported by the business department, and executed on the front line of the project. We also focused on first-tier cities, where persons in charge personally took the lead in market operations. With each business division as a base and radiating out to cover the entire country, we aimed at achieving comprehensive and sustainable development. In addition, the general position reserve is flexible and efficient, and the business department directly selects the best among the existing staff in each project without increasing the burden of establishment, so as to achieve the maximum use of talent resources and reserve.

Chairman's Statement



As the old saying goes, an army marches on its stomach. In order to equip market personnel on the frontline, the Group has made preparation actively by attaining 54 system certifications, credit rating certificates and business qualifications, of which all the credit ratings are 3A certificates, and by applying for 62 intellectual property patent certificates and copyrights, including intelligent property management systems, intelligent fee-collecting software, facial recognition, devices to prevent high-rise littering and other intelligent patents, so as to safeguard Colour Life's sustained and long-term expansion.

At the same time, the Group's headquarters has become a strong backing for delivering bullets to the front line, and strived to cultivate people who can lead in the front-line market. The core cadres have played a role at the grassroots level, giving full play to the role of leader and improving execution and management capabilities. The auditing and supervision functions have been fully involved in quality improvement, combating corruption, and ensuring input and output. The Legal function has been involved in business throughout the entire process to provide comprehensive legal support. Digital intelligence has empowered the integration of industry and finance with 100% coverage of automated operations and comprehensive data interoperability to empower business expansion.

PROSPECTS

We have been working hard to overcome the wind and rain, and we look forward to a new journey and setting sail again. In 2024, Colour Life set sail with a brand-new attitude. Looking back, our initial heart is as solid as a rock, cultivating the foundation of service, building the top of quality, and marching forward dreaming with a fearless attitude. Looking into the future, Colour Life will steer a steady strategic course, strengthen the development of toughness, be bold and enterprising. We will pursue a quality-led growth model, keenly capture the pulse of the market, and bravely stand on the tide. We will also deepen the value-added service map, put customers first, explore the blue ocean of future services, and draw a new picture of sustained growth. We will construct a highly efficient and synergistic organisational structure, forging a responsive and innovative team of elites, and laying the foundation for the long-term development of the enterprise.

At a time when the macro-environment is changing, Colour Life will re-examine the core values of property management, focus on quality improvement, fee collection optimisation and value-added service expansion, and put them into practice to drive development with innovation and create brilliance with practicality. We firmly believe that only with unremitting efforts and perseverance will we be able to get through the mists of the cycle and embrace the dawn of the future. The Company will committed to becoming an equal, practical, free and prosperous life service leader, creating comfortable, warm, colourful and rich life service experience for hundreds of millions of families, continuing to provide value to owners, partners, employees, investors and shareholders, and continuously benefiting society and people's livelihood.

Management Discussion and Analysis

BUSINESS MODEL

The Group is a leading property management and community services provider in China, with a focus on setting up offline and online service platform via the internet technology and effectively connecting the residents of the communities with different commodities and service providers, so as to provide the best living experience for residents of the communities on the back of property management services.

As communities constitute the most fundamental social units within a city, the services provided by the property management companies are essential in creating a stable and convenient living environment for the residents of the community and promoting the development of the society. The Group strives to meet the basic living needs of the property owners through providing Four Basic Guarantees services (defined as cleaning, greening, security and maintenance services), which constitute the solid cornerstone of community services system.

While meeting the basic living needs of the residents of the community, the Group also promotes smart community construction by proactively utilising emerging technologies such as the Internet of Things, big data and artificial intelligence, and introducing the application of intelligent equipment, so as to enhance the Group's service efficiency in providing high quality property management services for the residents. The Group has established a powerful digitalized "cloud" system in the head office, which minimised the dependency on function and scope of "management" and strengthened the service capacity of the "terminal", so as to organise effective community services. For instance, the Group has upgraded the existing Big Dipper system to a "digital property management platform" by adding an intelligent customer service feature that covers the five basic services including security, cleaning, greening, maintenance and engineering, the order-oriented operation system of the lift, energy and decoration services, as well as the customer complaint platform comprising complaint, repair application, parking, payment, decoration and other services. The Group has divided the entire property management service process into orders, further enhancing the service efficiency of the Group.

In addition to its efforts in refining the basic businesses, the Group has classified its management projects into various service levels based on different charging standards, set standards for equipment modification and services and provided well-oriented service experiences, so as to satisfy customers' demand for performance-price ratio in different projects and lay a solid foundation for the Group's rapid expansion across China. With the establishment of an automated, centralised and standardised management system, the Group has realised excellent capacity of cost control under the premise of securing customer satisfaction.

While focusing on improving service efficiency, the Group is dedicated to building prosperous communities. The Group has taken the initiative to organise a wide range of community activities and proactively established communication channels with property owners to strengthen the relationship between the property owners as well as between the property owners and the property management staff and enrich the residents' off-work life and spiritual culture, with the ultimate goal of building a better and more caring community. By providing such services, we are able to create a harmonious environment for the property owners, and push forward the establishment of the Group's unique community culture brand, so as to enhance the property owners' trust in the Group. The improvement of service relationship also laid a solid foundation for the Group's effort to further expand community consumption scenarios.

The Group is actively building an online platform Caizhiyun for its community services equipped with functions such as paying property management fees, issuing notices and submitting complaints online through the platform, which not only provides convenience for residents of the communities but also strengthens the interactions between the Group and the community property owners. In addition, the Group designates a proportional number of customer managers to serve the communities based on the number of residents in such communities. The customer managers will carry out following up work and seek feedback relating to customer satisfaction in a timely manner. On one hand, it ensures the quality of basic services in the offline community, and on the other hand, it can efficiently understand the needs of the community property owners so as to promote the development of value-added business. By organically combining the online and offline operations of the community, the Group further extends its competitive advantage.

Management Discussion and Analysis



BUSINESS DEVELOPMENT

Usually, property developers are required to engage property management companies before they obtain the delivery permits. At this stage, property developers usually identify qualified property management companies by way of tender, where the Group arranges its marketing department to submit tenders. Once the Group wins the bid, the area under the property management contracts will be incorporated into the Group's "Contracted Managed GFA". Property developers will issue an occupation notification to home buyers after the properties are sold. Upon receipt of such notification, the home buyers will be obliged to settle property management fees. This part of the Managed GFA will thus be called the "revenue-bearing GFA". The difference between the Contracted Managed GFA and the revenue-bearing GFA is the "reserved GFA" which will be transferred to the revenue-bearing GFA in future.

With a view of expanding the Group's presence, showcasing its services and abilities to a wider audience, the Group has selectively entered into consultancy service contracts with regional property management companies. The area agreed in the contracts will be incorporated into "Consultancy GFA". The aforementioned Managed GFA and the Consultancy GFA are collectively referred to as "Contracted Managed GFA" of the Group.

The Group focused on driving its organic expansion for new engagements through reputation and branding. With our outstanding property management experience and expansion capability, as at 30 June 2024, the Contracted Managed GFA of the Group had reached 328.34 million sq.m. while the number of communities under the Group's management and consultancy services contracts had reached 1,931. In which, as at 30 June 2024, the Group's revenue-bearing Contracted Managed GFA reached 168.42 million sq.m.

While proactively expanding service area, the Group made great efforts to establish and upgrade its community service platform, in an effort to meet the daily needs of the property owners and provide them with quality and efficient property management services. In addition to building caring communities, the Group explored various consumption scenarios, product innovation and new business models, with an aim to provide property owners with various value-added services, truly incorporating property management services into the property owners' life.

The Group also continued to explore various value-added services under the community scenario, go deep into the property management scenario, and provide customised products and services for the property owners based on market demands and property owner needs. For instance, based on the extensive property owner base of the Group and the parking lot management scenario, the Group proactively explored the auto insurance sales business. By establishing the headquarters-to-headquarters communication mechanism with the insurance companies, the Group strived to improve service efficiency and reduce the selection costs and purchase costs of the property owners. In addition, the Group continued to develop and strengthen its online platform technology, paving the path for connection with the system of the insurance companies, which enabled the Group to have real-time understanding of the business development and claim settlement data and monitor the quality of community-based products in a dynamic manner, so as to provide property owners with quality customer services and claim settlement services. Also, the Group has built a community online shopping platform Colour Life Select, which offers property owners all sorts of goods and services and a platform for light entrepreneurship. In doing so, the Group was able to increase the interaction frequency between the property management company and the property owners, enhance the loyalty between the property management company and the property owners, and improve the recognition of the property owners towards its basic property management services and value-added services.

Management Discussion and Analysis

As at 30 June 2024, the locations of communities where the Group provided management and consultancy services are set out as follows:



Northeastern China

1 Tieling

Northern China

- 2 Langfang
- 3 Beijing
- 4 Cangzhou
- 5 Chengde
- 6 Qinhuangdao
- 7 Shijiazhuang
- 8 Taiyuan
- 9 Tianjin
- 10 Xingtai
- 11 Hohhot
- 12 Baotou

Eastern China

- 13 Dongying
- 14 Fuzhou
- 15 Fuzhou
- 16 Fuyang
- 17 Ganzhou
- 18 Gaoyou
- 19 Hangzhou
- 20 Huai'an
- 21 Ji'an
- 22 Jinan
- 23 Jiaxing
- 24 Jiangyin

25 Jingdezhen

- 26 Jiujiang
- 27 Jurong
- 28 Kunshan
- 29 Linyi
- 30 Longyan
- 31 Nanchang
- 32 Nantong
- 33 Qingdao
- 34 Quanzhou
- 35 Sanming
- 36 Xiamen
- 37 Shanghai
- 38 Shangrao
- 39 Suzhou
- 40 Suqian
- 41 Tai'an
- 42 Taizhou
- 43 Weifang
- 44 Wuxi
- 45 Xinyu
- 46 Xuzhou
- 47 Yancheng
- 48 Yichun
- 49 Changzhou
- 50 Yingtan
- 51 Zaozhuang
- 52 Zhangzhou
- 53 Zhenjiang
- 54 Nanjing
- 55 Changshu

Southern China

- 56 Chongzuo
- 57 Dongguan
- 58 Foshan
- 59 Guangzhou
- 60 Guigang
- 61 Guilin
- 62 Heyuan
- 63 Huizhou
- 64 Liuzhou
- 65 Nanning
- 66 Qingyuan
- 67 Shantou
- 68 Shaoguan
- 69 Yangjiang
- 70 Zhaoqing
- 71 Zhongshan
- 72 Zhuhai
- 73 Beihai
- 74 Wuzhou

Central China

- 75 Chenzhou
- 76 Ezhou
- 77 Enshizhou
- 78 Huanggang
- 79 Huangshi
- 80 Jingzhou
- 81 Liuyang
- 82 Loudi

83 Nanyang

- 84 Shaoyang
- 85 Shiyan
- 86 Suizhou
- 87 Wuhan
- 88 Xiangtan
- 89 Xiangyang
- 90 Yichang
- 91 Zhangjiajie
- 92 Changsha
- 93 Zhengzhou
- 94 Luoyang

Shenzhen

95 Shenzhen

Northwestern China

- 96 Baoji
- 97 Lanzhou
- 98 Xi'an
- 99 Xianyang
- 100 Yinchuan
- 101 Yulin
- 102 Hanzhong

Southwestern China

- 103 Chengdu
- 104 Dali
- 105 Deyang
- 106 Duyun
- 107 Guang'an
- 108 Guangyuan
- 109 Guiyang
- 110 Kunming
- 111 Mianyang
- 112 Neijiang
- 113 Qiannanzhou
- 114 Qingzhen
- 115 Chongqing
- 116 Ziyang
- 117 Zunyi
- 118 Gejiu
- 119 Nanchong
- 120 Suining

Management Discussion and Analysis



As at 30 June 2024, the following table sets out GFA and the number of communities where the Group provided management and consultancy services in different regions as at the dates indicated below:

	As at 30 June 2024				As at 31 December 2023			
	Managed by the Group		Under the Group's consultancy service arrangements		Managed by the Group		Under the Group's consultancy service arrangements	
	GFA	Number of communities	GFA	Number of communities	GFA	Number of communities	GFA	Number of communities
	('000 sq.m.)		('000 sq.m.)		('000 sq.m.)		('000 sq.m.)	
Shenzhen	5,124	83	41	1	5,211	84	41	1
Southern China (excluding Shenzhen)	56,601	404	-	-	61,360	420	-	-
Eastern China	98,487	642	-	-	99,836	660	-	-
Southwestern China	54,429	260	-	-	61,345	267	-	-
Northeastern China	7,953	50	-	-	9,100	53	-	-
Northwestern China	12,328	62	-	-	13,024	64	-	-
Northern China	17,354	89	-	-	19,378	87	-	-
Central China	76,021	340	-	-	86,730	351	-	-
Total	328,297	1,930	41	1	355,984	1,986	41	1

Note:

(1) As at 30 June 2024, the Group's Contracted Managed GFA reached 328.34 million sq.m.

Management Discussion and Analysis

As at 30 June 2024, the Group managed 1,930 communities with an aggregate contracted GFA of approximately 328.30 million sq.m. and entered into consultancy service contracts with 1 community with an aggregate GFA of consultancy service arrangements of approximately 0.041 million sq.m. The Group will mainly expand its business by obtaining new service engagements. The following table sets out the changes in the GFA and the number of communities where the Group provided management and consultancy services during the reporting period:

	As at 30 June 2024				As at 31 December 2023			
	Managed by the Group		Under the Group's consultancy service arrangements		Managed by the Group		Under the Group's consultancy service arrangements	
	Contracted	Number of	Contracted	Number of	Contracted	Number of	Contracted	Number of
	Managed	communities	Managed	communities	Managed	communities	Managed	communities
GFA		GFA		GFA		GFA		
('000 sq.m.)		('000 sq.m.)		('000 sq.m.)		('000 sq.m.)		
As at the beginning of the year	355,984	1,986	41	1	399,886	2,105	133	2
New engagements ⁽¹⁾	1,169	35	-	-	15,086	93	-	-
Acquisition ⁽²⁾	45	1	-	-	274	7	-	-
Termination ⁽³⁾	(28,901)	(92)	-	-	(59,262)	(219)	(92)	(1)
As at the end of the year	328,297	1,930	41	1	355,984	1,986	41	1

Notes:

- (1) In relation to communities the Group managed, the new engagements mainly included service engagements for new property development projects built by property developers, and a small part was service engagements for residential communities that replaced the previous property management company. In relation to communities the Group provided consultancy services for, new engagements include the Group's entering into of consultancy services agreements with regional property management companies.
- (2) The Group expanded its Managed GFA through acquisitions and gained synergy after the acquisition.
- (3) The Contracted Managed GFA and the number of communities which the Group ceased to renew certain property management contracts due to commercial factors.

Management Discussion and Analysis



BUSINESS OVERVIEW

The Group has two main businesses:

- Property management services, which primarily include: (i) provision of services for communities under lump sum basis; (ii) provision of services for communities under commission basis; (iii) provision of pre-delivery services for property developers; and (iv) provision of consultancy services for property management companies; and
- Value-added services, which primarily include: (i) online promotion services; (ii) sales and rental assistance services; (iii) engineering services; (iv) other value-added services.

Scope of Services for Property Management Services

As at 30 June 2024, the Group employed over 26,075 on-site personnel (including staffs employed by the Group and the staffs outsourced from third parties) to provide property management services. The table below sets forth the property management fee range for area within the communities the Group managed under commission basis and lump sum basis as at the dates indicated below. Property management fee levels within the same geographical region vary depending on factors such as property types and locations.

	As at 30 June 2024		As at 31 December 2023	
	Under commission basis (RMB/sq.m./month)	Under lump sum basis (RMB/sq.m./month)	Under commission basis (RMB/sq.m./month)	Under lump sum basis (RMB/sq.m./month)
Shenzhen	0.4-11.4	1.8-16.9	0.4-11.4	1.8-16.9
Southern China (excluding Shenzhen)	0.5-6.0	0.7-16.9	0.5-6.0	0.7-16.9
Eastern China	0.4-17.0	1.1-16.0	0.4-17.0	1.1-16.0
Southwestern China	0.5-6.1	0.3-25.0	0.5-6.1	0.3-25.0
Northeastern China	0.4-3.3	2.0-18.0	0.4-3.3	2.0-18.0
Northwestern China	0.5-4.0	1.4-22.7	0.5-4.0	1.4-22.7
Northern China	0.7-5.5	1.2-25.0	0.7-5.5	1.2-25.0
Central China	0.6-5.3	0.9-16.9	0.6-5.3	0.9-16.9

Management Discussion and Analysis

Property management services, which primarily include: (i) provision of services for communities under lump sum basis; (ii) provision of services for communities under commission basis; (iii) provision of pre-delivery services for property developers; and (iv) provision of consultancy services for regional property management companies.

Property Management Services under Lump Sum Basis

Under the lump sum basis, the Group is entitled to recognise all property management fees charged from the property owners as revenue and pay the expenses related to property management from the property management fees. Accordingly, the related costs are recognised as the Group's cost of sales.

Property Management Services under Commission Basis

Under the commission basis, the Group is essentially acting as an agent of the property owners. The Group reserves the right to retain the specified percentage (usually 10%) of the owner's property management fees as required by the relevant local authorities as the Group's revenue. The remaining property management fees will be used as operating funds to cover the expenses associated with the management of the property.

Pre-delivery Services

The Group may be appointed as a property management company by the property developers at the initial stage of the property development. The Group provides pre-delivery services for the property developers in preparation for the pre-sale activities and recognises the proceeds based on the fees charged. The relevant expenses are calculated based on the number of employees and positions deployed by the Group, and the related staff costs incurred are the sales costs incurred in providing the services.

Consultancy Services

With a view of expanding the Group's presence, showcasing its services and abilities to a wider audience and making its brand more widely known, the Group has selectively entered into consultancy services contracts with regional property management companies. Under such arrangements, property management companies contracted with the Group to provide property management services in relevant communities. The Group provides consultation and advice to these regional property management companies such that they can leverage the Group's experience and platform to improve various aspects of services such as property management, quality control and human resources management. In addition, the Group provides value-added services in the relevant communities in accordance with the contracts, which may generate additional revenue for the Group in the future.

Scope of Services for Value-added Services

Adhering to the value and concept of "Service to Your Family", the Group has been focusing on providing diversified value-added services for community property owners. With over 22 years of experience in community management and services, the Group has established a comprehensive online and offline service system. The Group has employed on-site personnel such as customer managers and community stewards to provide more convenient community services for property owners. Through paying frequent visits to and communicating with property owners by customer managers, the Group has built up trust with residents in communities and has a more comprehensive understanding of their demands. Leveraging the in-depth understanding of the residents of the communities for which the Group provides management and consultancy services, the Group works with third-party professional goods and service providers to create a safer, more convenient and more comfortable living environment for residents.

The Group's value-added services primarily include (i) online promotion services; (ii) sales and rental assistance; (iii) engineering services; and (iv) other value-added services.

Management Discussion and Analysis



Online promotion services

The Group collaborates with providers of various products and services and promotes products or services to property owners through Caizhiyun, the online platform run by the Group. Product and service providers pay certain amount of commission according to their sales ordered through the Caizhiyun platform to the Group. Furthermore, the Group provides system or software for projects that it provides management and consultancy services for, and charges a certain fee for using information system software.

Sales and rental assistance

The Group (i) refers its case to a third-party property agent, who assists the property owner in completing the rental and the sale of the property. The Group charges the agent on every successful referral and generates revenue from authorizing property agent's rights to use our online leasing data platform; (ii) helps property developers sell their parking lots under Colour Life Parking Lots model and receives commissions in accordance with the agency sales agreement; (iii) assists communities in renting promotional space of structures (such as elevator interior walls or public spaces) and additional storage space, and receives commissions in return.

Engineering Services

The Group provides engineering services for property developers (including primarily independent property developers and to a lesser extent, the Fantasia Group) and communities which the Group manages through sub-contracting and collaborating with qualified third-party contractors and through its subsidiaries that are mainly engaged in engineering services and energy management services, namely Shenzhen Kaiyuan Tongji Building Technology Co., Ltd. ("Shenzhen Kaiyuan Tongji") and Shenzhen Ancaihua Energy Investment Co., Ltd. ("Shenzhen Ancaihua").

Engineering services provide a safe and comfortable environment for property owners of the communities. It also laid the hardware foundation for accelerating the smart transformation of communities which the Group serves and implementing the "digital property management platform".

In recent years, the Group continued to carry out the internet-based smart transformation to the projects under its management. Focusing on the property owners' multi-dimension needs for easy community life, we strengthened the transformation of the community mainly in two directions. Firstly, hardware is upgraded to include remote monitoring of elevators, QR code/face recognition access control, vehicle license recognition system in car park etc., so as to realise central management control, replace labour with equipment, save energy and posts, and enhance efficiency and service quality. Secondly, a community service platform is established through connecting communities to the Group's cloud system at its head office. For example, real-time picture of the operation condition in the community under the Group's management will be sent to its head office using remote monitoring technology, and it will promptly assign rectification tasks for areas with potential problem and follow up on the results.

Other value-added services

Other value-added services include (i) purchase assistance; (ii) energy management services; (iii) insurance brokerage services; and (iv) other value-added services.

Management Discussion and Analysis

REVIEW AND ANALYSIS

Revenue

The Group's revenue mainly arises from (i) property management services; and (ii) value-added services. For the Period, total revenue increased by 28.5% from approximately RMB758.3 million for the corresponding period of 2023 to approximately RMB974.5 million.

	For the six months ended 30 June					
	2024		2023		Variance	
	Amount RMB'000	% of total revenue	Amount RMB'000	% of total revenue	Amount RMB'000	%
Revenue						
Property management services	929,842	95.4%	728,103	96.0%	201,739	27.7%
Value-added services	44,646	4.6%	30,229	4.0%	14,417	47.7%
Total revenue	974,488	100%	758,332	100.0%	216,156	28.5%

Property Management Services

For the Period, revenue from property management services increased by approximately 27.7% from approximately RMB728.1 million for the corresponding period of 2023 to approximately RMB929.8 million for the Period. Breakdown of revenue from property management services are as below:

	For the six months ended 30 June					
	2024		2023		Variance	
	Amount RMB'000	% of total revenue	Amount RMB'000	% of total revenue	Amount RMB'000	%
Revenue						
Property management service fees under lump sum basis	906,129	93.0%	672,135	88.6%	233,994	34.8%
Pre-delivery services	3,950	0.4%	3,870	0.5%	80	2.1%
Property management service fees under commission basis	19,634	2.0%	50,729	6.7%	(31,095)	(61.3%)
Property management consultancy service fees	129	0.0%	1,369	0.2%	(1,240)	(90.6%)
Total of property management service fees	929,842	95.4%	728,103	96.0%	201,739	27.7%

Management Discussion and Analysis

The changes were mainly due to:

- (a) An increase in revenue from property management services under lump sum basis by approximately RMB234.0 million, which was mainly due to the increase in the number of communities managed under lump sum basis during the Period;
- (b) Revenue from property management services under commission basis and revenue from consultancy services decreased by approximately RMB31.1 million and RMB1.2 million respectively, mainly due to the termination of certain commission basis service contracts and consulting service contracts;
- (c) A slight increase in revenue from pre-delivery services by approximately RMB0.1 million.

Value-added Services

For the Period, revenue from value-added services increased by 47.7% from approximately RMB30.2 million for the corresponding period of 2023 to approximately RMB44.6 million. Breakdown of revenue from value-added services are as below:

	2024		2023		Variance	
	Amount RMB'000	% of total revenue	Amount RMB'000	% of total revenue	Amount RMB'000	%
Revenue						
Online promotion services	8,429	0.9%	21,716	2.9%	(13,287)	(61.2%)
Sales and rental assistance	24,647	2.5%	5,518	0.7%	19,129	346.7%
Engineering services	3,713	0.4%	1,465	0.2%	2,248	153.4%
Other value-added services	7,857	0.8%	1,530	0.2%	6,327	413.5%
Total of value-added service fees	44,646	4.6%	30,229	4.0%	14,417	47.7%

The increase in revenue from value-added service was mainly due to:

- (a) A decrease in revenue from online promotion services by approximately RMB13.3 million;
- (b) An increase in revenue from sales and rental assistance by approximately RMB19.1 million;
- (c) An increase in revenue from engineering services by approximately RMB2.2 million;
- (d) An increase in revenue from other value-added services by approximately RMB6.3 million.

Management Discussion and Analysis

Cost of Services

Cost of services primarily comprises labour costs, sub-contracting costs, costs of raw materials (which mainly consist of energy-saving light bulbs, inter-communication devices, security camera wires, pipes and others), utility costs, depreciation and amortisation, rental cost and others. For the Period, cost of services increased by approximately RMB214.3 million or approximately 39.7% from approximately RMB539.8 million for the corresponding period of 2023 to approximately RMB754.1 million. The increase in cost of services was mainly due to the increase in the number of the communities managed under lump sum basis during the Period.

Gross Profit and Gross Profit Margin

For the Period, the overall gross profit was approximately RMB220.3 million, representing an increase of approximately 0.8% as compared to approximately RMB218.5 million for the corresponding period of 2023.

The overall gross profit margin for the Period was 22.6%, representing a decrease of 6.2 percentage points as compared to 28.8% for the corresponding period of 2023.

(i) *Property Management Services*

For the Period, the gross profit of property management services was approximately RMB183.9 million, representing a decrease of approximately 4.5% or approximately RMB8.6 million as compared to approximately RMB192.5 million for the corresponding period of 2023. Gross profit margin decreased from 26.4% for the corresponding period of 2023 to 19.8% for the Period. This was mainly attributable to the increased proportion of income from property management services under lump sum basis with lower gross profit margin, while the proportion of income from property management services under commission basis with higher gross profit margin decreased, resulting in a decrease in gross profit margin from property management services income.

(ii) *Value-added Services*

For the Period, the gross profit of value-added services was approximately RMB36.4 million, representing an increase of approximately RMB10.4 million or approximately 40.0% as compared to approximately RMB26.0 million for the corresponding period of 2023. Gross profit margin decreased from 85.9% for the corresponding period of 2023 to 81.5% for the Period.

Other Gains and Losses

For the Period, the Group recorded other losses of approximately RMB2.5 million, representing a decrease in losses of approximately RMB39.0 million from approximately RMB41.5 million in losses for the corresponding period of 2023. Other losses for the Period arose from loss on disposal of equity interests in subsidiaries and transactions of approximately RMB3.1 million during the Period.

Other Income

For the Period, the Group's other income amounted to approximately RMB11.0 million, representing a decrease of approximately RMB0.5 million from approximately RMB11.5 million for the corresponding period of 2023.

Management Discussion and Analysis



Selling and Distribution Expenses

For the Period, the Group's selling and distribution expenses amounted to approximately RMB2.0 million, representing an increase of approximately RMB0.3 million as compared to approximately RMB1.7 million for the corresponding period of 2023.

Administrative Expenses

For the Period, the Group's administrative expenses amounted to approximately RMB113.1 million, representing an increase of approximately RMB14.5 million or approximately 14.7% as compared to approximately RMB98.6 million for the corresponding period of 2023.

Finance Costs

For the Period, the Group's finance costs amounted to approximately RMB1.2 million, representing an increase of approximately RMB0.4 million as compared to approximately RMB0.8 million for the corresponding period of 2023. The finance costs for the Period arose from the lease liabilities.

Income Tax Expenses

For the Period, the Group's income tax expenses amounted to approximately RMB13.3 million, representing an increase of approximately RMB1.2 million from approximately RMB12.1 million for the corresponding period of 2023.

Goodwill

As at 30 June 2024, the carrying amount of goodwill was approximately RMB905.9 million, representing a decrease of approximately RMB1.0 million from approximately RMB906.9 million as at 31 December 2023. The change was attributable to (i) a decrease of RMB3.5 million for the disposal of subsidiaries by the Group during the Period; and (ii) an increase of RMB2.5 million for the acquisition of subsidiaries by the Group during the Period.

Bank Balances and Cash

As at 30 June 2024, the Group's total cash balance amounted to approximately RMB728.7 million (31 December 2023: approximately RMB947.9 million).

Management Discussion and Analysis

Trade and Other Receivables and Prepayments

Trade receivables mainly arise from property management services income under lump sum basis, property management services income from pre-sale services, property management service income from consultancy services, engineering services income and value-added services income.

As at 30 June 2024, trade receivables of the Group net of the allowance for credit losses amounted to approximately RMB910.5 million, representing an increase of RMB258.7 million or 39.7% as compared to approximately RMB651.8 million as at 31 December 2023. Such increase was mainly due to: the increase in the number of communities managed under the lump sum basis during the Period, and the increase in unsettled property management fees arising from the seasonality of the property management industry that the collection record of the unsettled property management fees is usually better in the second half of the year than the first half of the year.

As at 30 June 2024, other receivables and prepayments of the Group amounted to approximately RMB1,597.6 million, representing an increase of approximately RMB137.1 million or approximately 9.4% as compared to approximately RMB1,460.5 million as at 31 December 2023.

Payments/Receipts on Behalf of Residents

Payments/receipts on behalf of residents represent the current accounts with the property management offices of residential communities managed by the Group under commission basis. These property management offices of residential communities usually have no separate bank accounts because they have no separate legal entity status. For the daily management of these property management offices of residential communities, all transactions of these management offices, including the collection of property management fees and the settlement of daily expenses, are settled through the treasury function of the Group. A net receivable balance from the property management office of the residential community represents expenses paid by the Group on behalf of the residential community in excess of the property management fees collected from the residents of the residential community. A net payable balance to the property management office of the residential community represents property management fees collected from residents of the residential community in excess of the expenses paid by the Group on behalf of the residential community.

Trade and Other Payables and Accruals

Trade and other payables primarily comprise of payables for sub-contracted services, deposits received, accrued staff costs, other tax payables and other payables and accruals.

- (1) As at 30 June 2024, trade payables amounted to approximately RMB500.3 million (31 December 2023: RMB378.9 million), representing an increase of approximately RMB121.4 million, which was mainly attributable to the increase in communities managed under the lump sum basis.
- (2) As at 30 June 2024, other payables and accruals amounted to approximately RMB193.3 million (31 December 2023: approximately RMB211.0 million).

Share Capital

As at 30 June 2024, the total number of issued shares of the Company was approximately 1,487,526,000 (31 December 2023: approximately 1,487,526,000) and the share capital was approximately RMB120.8 million (31 December 2023: approximately RMB120.8 million).

Management Discussion and Analysis



Cash Position

As at 30 June 2024, the Group's total cash (including pledged bank deposits) amounted to approximately RMB789.3 million (31 December 2023: approximately RMB998.2 million), among which approximately RMB60.6 million (31 December 2023: approximately RMB50.3 million) were pledged or restricted.

As at 30 June 2024, the current ratio (current assets/current liabilities) of the Group was approximately 3.1 (31 December 2023: approximately 3.0).

Net Gearing Ratio

The net gearing ratio was calculated by net debt (being the total of borrowings after deduction of bank balances and cash and pledged and restricted bank deposits) over the total equity. As at 30 June 2024, the total bank balances and cash and pledged/restricted bank deposits of the Group amounted to RMB789.3 million and the Group has no interest-bearing liabilities. Therefore, no net gearing ratio was presented as at 30 June 2024. There was also no net gearing ratio as at 31 December 2023.

Currency Risk

As the Group mainly operates its business in China, there is no material direct exposure to foreign exchange fluctuations risk.

Employees and Remuneration Policies

As at 30 June 2024, the Group had approximately 11,023 employees (31 December 2023: approximately 11,156 employees). Remuneration is determined with reference to the performance, skills, qualifications and experiences of the staff concerned and the prevailing industry practice.

Apart from salary payments, other staff benefits include contribution to the mandatory provident fund (for Hong Kong employees) and state-managed retirement pension scheme (for employees in the PRC) and a discretionary bonus program.

Corporate Governance and Other Information

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintain high standards of corporate governance with a view to assuring the conduct of the management of the Company as well as protecting the interests of all shareholders. The Company has always recognised the importance of the shareholders' transparency and accountability. It is the belief of the Board that shareholders can maximise their benefits from good corporate governance. The Company has adopted the code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Mr. Xu Xinmin resigned as an Independent Non-executive Director of the Company with effect from 18 December 2023. Since his resignation, the Company has not complied with Rules 3.10, 3.10A, 3.21 and 3.27A of the Listing Rules. Ms. Yu Shan was appointed as the Independent Non-executive Director of the Company with effect from 15 March 2024. The Company has re-complied with Rules 3.10, 3.10A, 3.21 and 3.27A of the Listing Rules.

Save as disclosed above and elsewhere in this report, the Company has complied with all code provisions set out in the CG Code for the six months ended 30 June 2024.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as contained in Appendix C3 to the Listing Rules as its own code for dealing in securities of the Company by the Directors and employees (the "Securities Dealing Code"). The Company has made specific enquiry to all Directors and all Directors confirmed that they have complied with the requirements set out in the Model Code for the six months ended 30 June 2024.

AUDIT COMMITTEE

The Audit Committee of the Company currently comprises three Independent Non-executive Directors, namely, Mr. Lee Yan Fai (chairman of Audit Committee), Mr. Zhang Raymond Yue and Ms. Yu Shan. The Audit Committee has reviewed the unaudited interim results for the Period.

REMUNERATION COMMITTEE

The Company has established the remuneration committee (the "Remuneration Committee") in compliance with the Listing Rules 3.25 and 3.26. In order to comply with the CG Code, the Board adopted the terms of reference of the Remuneration Committee on 27 June 2014. The terms of reference of the Remuneration Committee is available for reference on the websites of the Company and the Stock Exchange.

Corporate Governance and Other Information

The Remuneration Committee of the Company currently comprises three Independent Non-executive Directors, namely, Mr. Zhang Raymond Yue (chairman) of the Remuneration Committee, Mr. Lee Yan Fai and Ms. Yu Shan. The primary duties of the Remuneration Committee include (but not limited to): (i) making recommendations to the Board regarding the Company's policy and structure for the remuneration of all Directors and senior management of the Company and on the establishment of a formal and transparent procedure for developing remuneration policies; (ii) making recommendations to the Board on the remuneration packages of the Directors and senior management; and (iii) reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives.

NOMINATION COMMITTEE

The Company has established the Nomination Committee (the "Nomination Committee") in compliance with the Listing Rules to fulfill the functions of determining the procedures and criteria to be adopted for purposes of selecting candidates for directorship. In order to comply with the CG Code, the Board adopted the terms of reference of the Nomination Committee on 27 June 2014 and thereafter adopted the revised terms of references of the Nomination Committee on 27 March 2019. All of them are available for reference on the websites of the Company and the Stock Exchange.

The Nomination Committee of the Company currently comprises one Non-executive Director, namely, Mr. Zhu Jindong (chairman of the Nomination Committee); and two Independent Non-executive Directors, namely Mr. Zhang Raymond Yue and Ms. Yu Shan. The primary function of the Nomination Committee is to review the structure, size and composition of the Board.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Share Option Scheme") by the written resolutions of the shareholders of the Company passed on 11 June 2014. The term of the Share Option Scheme has expired on 10 June 2024 and no new share scheme has been adopted by the Company. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules.

During the six months ended 30 June 2024, no options have been granted under the Share Option Scheme. Details of movements in the share option under the Share Option Scheme in the six months ended 30 June 2024 are as follows:

Name of grantee	Date of grant	Exercise price HK\$	Balance as at 1 January 2024	Number of share options			Balance as at 30 June 2024	Notes
				Granted during the Period	Exercised during the Period	Cancelled/ lapsed during the Period		
Directors of Colour Life								
Mr. Liu Hongcai	29 September 2014	6.66	450	-	-	-	450	(1)
			300	-	-	-	300	(2)
	30 April 2015	11.00	168,400	-	-	-	168,400	(3)
	18 March 2016	5.764	122,000	-	-	-	122,000	(4)
Sub-total			291,150	-	-	-	291,150	
Employees of the Group								
	29 September 2014	6.66	4,706,550	-	-	-	4,706,550	(1)
			5,729,176	-	-	-	5,729,176	(2)&(5)
	30 April 2015	11.00	8,567,319	-	-	(86,995)	8,480,324	(3)
	18 March 2016	5.764	9,373,300	-	-	(46,000)	9,327,300	(4)
	27 November 2018	4.11	16,864,720	-	-	-	16,864,720	(6)
Sub-total			45,241,065	-	-	(132,995)	45,108,070	
Total			45,532,215	-	-	(132,995)	45,399,220	

Corporate Governance and Other Information

Notes:

- (1) Such share options shall be vested in three tranches in accordance with the following dates: (i) one-third of which shall be vested on the date of grant; (ii) one-third of which shall be vested on the first anniversary of the date of grant, i.e. 29 September 2015; and (iii) the remaining one-third of which shall be vested on the second anniversary of the date of grant, i.e. 29 September 2016. The exercise period of these share options will expire on 28 September 2024.
- (2) Such share options shall be vested in three tranches in accordance with the following dates: (i) one-third of which shall be vested on the first anniversary of the date of grant, i.e. 29 September 2015; (ii) one-third of which shall be vested on the second anniversary of the date of grant, i.e. 29 September 2016; and (iii) the remaining one-third of which shall be vested on the third anniversary of the date of grant, i.e. 29 September 2017. The exercise period of these share options will expire on 28 September 2024.
- (3) Such share options shall be vested in three tranches in accordance with the following dates: (i) one-third of which shall be vested on the first anniversary of the date of grant, i.e. 30 April 2016; (ii) one-third of which shall be vested on the second anniversary of the date of grant, i.e. 30 April 2017; and (iii) the remaining one-third of which shall be vested on the third anniversary of the date of grant, i.e. 30 April 2018. The exercise period of these share options will expire on 29 April 2025.
- (4) Such share options shall be vested in three tranches in accordance with the following dates: (i) one-third of which shall be vested on the first anniversary of the date of grant, i.e. 18 March 2017; (ii) one-third of which shall be vested on the second anniversary of the date of grant, i.e. 18 March 2018; and (iii) the remaining one-third of which shall be vested on the third anniversary of the date of grant, i.e. 18 March 2019. The exercise period of these share options will expire on 17 March 2026.
- (5) The exercise period of 150,000 share options granted to Mr. Zeng Liqing, who resigned as non-executive Director on 21 April 2015, has been extended at the discretion of the Board.
- (6) Such share options shall be vested in three tranches in accordance with the following dates: (i) one-third of which shall be vested on the first anniversary of the date of grant, i.e. 27 November 2019; (ii) one-third of which shall be vested on the second anniversary of the date of grant, i.e. 27 November 2020; and (iii) the remaining one-third of which shall be vested on the third anniversary of the date of grant, i.e. 27 November 2021. The exercise period of these share options will expire on 17 March 2028.

SHARE AWARD SCHEME

The Company has adopted a share award scheme (the “Share Award Scheme”) on 4 July 2016 to provide incentives or rewards for certain employees and consultants of the Group for their contribution to the Group.

The Share Award Scheme has a term of five years from the adoption date and has expired in 2021. Pursuant to the Share Award Scheme, the Company will entrust an independent trustee (the “Trustee”) to purchase existing Shares in the open market and award such Shares to the selected participants as based on the Company’s overall remuneration incentive plan. The Trustee will hold such Shares on behalf of the relevant selected participants on trust, until such Shares are vested with the relevant selected participants in accordance with the vesting conditions of the award and the rules of the Share Award Scheme.

During the six months ended 30 June 2024, the Trustee had not acquired any Shares in accordance with the Share Award Scheme. For the six months ended 30 June 2024, no share award were granted under the Share Award Scheme.

As at 30 June 2024, there is no outstanding share award under the Share Award Scheme.

Corporate Governance and Other Information



DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN THE SECURITIES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2024, the interests and short positions of the directors of the Company (the "Directors") and the chief executive of the Company in the shares, underlying shares and debentures of the Company or of any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) of the Company, as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as contained in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange ("the Listing Rules") were as follows:

Name of director	Capacity/Nature of interest	Number of shares held	Number of underlying shares held	Total	Approximate percentage of issued share capital
Mr. Liu Hongcai	Beneficial owner	–	291,150 ⁽¹⁾	291,150	0.00%

Notes:

- (1) The relevant interests are unlisted physically settled options granted pursuant to the share option scheme of the Company.
- (2) As at 30 June 2024, the total number of issued shares of the Company is 1,487,525,754.

Save as disclosed above, as at 30 June 2024, none of the Directors and chief executive of the Company had any interests or short position in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO (including the interests and short positions which the Director is taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

Corporate Governance and Other Information

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SECURITIES OF THE COMPANY

As at 30 June 2024, so far as the Directors are aware and as set out in the register kept under Section 336 of the SFO, the following companies and persons (other than the Directors and chief executives of the Company) had interest or short position in the shares and underlying shares of the Company which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO:

Name of substantial shareholders	Capacity	Number of Shares held	Approximate percentage of issued share capital
Ms. Zeng Jie, Baby	Interest of controlled corporation ⁽²⁾	1,013,643,318 (L) ⁽¹⁾	68.14%
Ice Apex	Interest of controlled corporation ⁽²⁾	1,013,643,318 (L) ⁽¹⁾	68.14%
Fantasy Pearl International Limited ("Fantasy Pearl")	Interest of controlled corporation	780,104,676 (L)	52.44%
	Beneficial owner	2,302,796 (L)	0.15%
Fantasia	Beneficial owner	780,104,676 (L)	52.44%
Jovial New Limited	Interest of controlled corporation	231,235,846 (L)	15.54%
Delight Vision Holdings Limited	Interest of controlled corporation	231,235,846 (L)	15.54%
Splendid Fortune Enterprise Limited ("Splendid Fortune")	Beneficial owner ⁽²⁾	231,235,846 (L)	15.54%

Notes:

(L) – Long position, (S) – Short position

- (1) These shares comprises (i) 780,104,676 shares held by Fantasia Holdings; (ii) 2,302,796 shares beneficially owned by Fantasy Pearl and (iii) 231,235,846 shares beneficially owned by Splendid Fortune.
- (2) Fantasia Holdings is owned as to 57.41% by Fantasy Pearl, which is owned as to 80% by Ice Apex. Ice Apex is wholly owned by Ms. Zeng Jie, Baby. By virtue of the SFO, Ms. Zeng Jie, Baby, Ice Apex and Fantasy Pearl are deemed to be interested in the shares of the Company held by Fantasia Holdings.
- (3) Splendid Fortune is owned as to 67.36% by Delight Vision Holdings Limited and 32.64% by Colour Success Limited. Delight Vision Holdings Limited is wholly-owned by Jovial New Limited which is owned as to 100% by Ms. Zeng Jie, Baby. By virtue of the SFO, Ms. Zeng Jie, Baby, Jovial New Limited and Delight Vision Holdings Limited are deemed to be interested in the shares of the Company held by Fantasia Splendid Fortune.

Save as disclosed above, as at 30 June 2024, no other persons (other than the Directors and chief executives of the Company) had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

Report on Review of Condensed Consolidated Financial Statements



Prism

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TO THE BOARD OF DIRECTORS OF COLOUR LIFE SERVICES GROUP CO., LIMITED
(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Colour Life Services Group Co., Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 31 to 56, which comprise the condensed consolidated statement of financial position as of 30 June 2024 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and notes to the condensed consolidated financial statements. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Prism Hong Kong Limited

Certified Public Accountants

Lee Kwok Lun

Practising Certificate Number: P06294

Hong Kong
29 August 2024

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2024

	NOTES	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue from services	3	974,488	758,332
Cost of services		(754,141)	(539,797)
Gross profit		220,347	218,535
Other income		10,992	11,514
Other gains and losses		(2,511)	(41,451)
Impairment losses under expected credit loss model, net of reversal	17	(33,214)	(46,766)
Selling and distribution expenses		(1,976)	(1,718)
Administrative expenses		(113,105)	(98,565)
Finance costs		(1,237)	(816)
Change in fair value of investment properties	11	(1,385)	(787)
Share of results of associates		105	700
Share of results of joint ventures		(31,599)	5,027
Profit before tax		46,417	45,673
Income tax expense	5	(13,314)	(12,075)
Profit for the period	6	33,103	33,598
Other comprehensive income (expense)			
Items that will not be reclassified subsequently to profit or loss:			
Change in fair value of equity instruments designated at fair value through other comprehensive income ("FVTOCI")		602	(4,473)
Deferred taxation effect on change in fair value of equity instruments designated at FVTOCI		(151)	1,118
Other comprehensive income (expense) for the period, net of income tax		451	(3,355)
Total comprehensive income for the period		33,554	30,243

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2024



	NOTES	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Profit for the period attributable to:			
Owners of the Company		24,380	30,719
Other non-controlling interests		8,723	2,879
		33,103	33,598
Total comprehensive income for the period attributable to:			
Owners of the Company		24,831	27,364
Other non-controlling interests		8,723	2,879
		33,554	30,243
Earnings per share – basic (RMB cents)	8	1.64	2.07
Earnings per share – diluted (RMB cents)	8	1.64	2.07

Condensed Consolidated Statement of Financial Position

At 30 June 2024

	NOTES	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Non-Current Assets			
Property, plant and equipment	9	56,875	42,940
Right-of-use assets	10	205,450	207,109
Investment properties	11	18,241	19,561
Interests in associates		39,902	42,526
Interests in joint ventures		84,391	115,990
Equity instruments designated at FVTOCI	23	13,884	13,282
Goodwill	12	905,925	906,944
Other receivables	13	5,749	6,007
Deferred tax assets		130,094	129,421
Deposits paid for potential acquisition of subsidiaries		123,475	121,776
		1,583,986	1,605,556
Current Assets			
Contract assets		21,496	32,328
Trade receivables	13	910,461	651,808
Other receivables and prepayments	13	1,591,879	1,454,450
Loan receivables	14	126,864	141,939
Payments on behalf of residents	15	769,528	756,830
Amounts due from related parties	24(b)	96,757	208,286
Pledged/restricted bank deposits	16	60,595	50,269
Bank balances and cash		728,701	947,904
		4,306,281	4,243,814

Condensed Consolidated Statement of Financial Position

At 30 June 2024



	NOTES	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Current Liabilities			
Trade payables	18	500,260	378,876
Other payables and accruals	18	193,343	211,003
Contract liabilities		314,966	253,342
Receipts on behalf of residents	15	43,960	180,185
Lease liabilities due within one year		9,712	8,093
Amounts due to related parties	24(b)	39,380	40,501
Tax liabilities		276,143	294,141
		1,377,764	1,366,141
Net Current Assets			
		2,928,517	2,877,673
Total Assets Less Current Liabilities			
		4,512,503	4,483,229
Non-current Liabilities			
Deferred tax liabilities		14	248
Lease liabilities due after one year		23,331	19,658
Total Non-current Liabilities			
		23,345	19,906
Net Assets			
		4,489,158	4,463,323
Capital and Reserves			
Share capital	19	120,750	120,750
Reserves		4,171,713	4,150,390
Equity attributable to owners of the Company			
		4,292,463	4,271,140
Non-controlling interests			
		196,695	192,183
Total Equity			
		4,489,158	4,463,323

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

Attributable to owners of the Company

	Share capital RMB'000	Share premium RMB'000	Statutory reserve RMB'000 (note a)	Share options reserve RMB'000	Shares held for share award scheme RMB'000	Revaluation reserve RMB'000	Other reserve RMB'000 (note b)	Retained profits RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2023 (audited)	120,750	1,738,865	260,379	243,034	(6,795)	8,534	(420,656)	2,309,275	4,253,386	187,496	4,440,882
Profit for the period	-	-	-	-	-	-	-	30,719	30,719	2,879	33,598
Change in fair value of equity instruments designated at FVTOCI	-	-	-	-	-	(4,473)	-	-	(4,473)	-	(4,473)
Deferred taxation effect on change in fair value of equity instruments designated at FVTOCI	-	-	-	-	-	1,118	-	-	1,118	-	1,118
Other comprehensive expense for the period	-	-	-	-	-	(3,355)	-	-	(3,355)	-	(3,355)
Total comprehensive (expense) income for the period	-	-	-	-	-	(3,355)	-	30,719	27,364	2,879	30,243
Dividend paid to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	(4,934)	(4,934)
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	(347)	(347)
Transfer	-	-	1,634	-	-	-	-	(1,634)	-	-	-
At 30 June 2023 (Unaudited)	120,750	1,738,865	262,013	243,034	(6,795)	5,179	(420,656)	2,338,360	4,280,750	185,094	4,465,844
At 1 January 2024 (audited)	120,750	1,738,865	282,798	243,034	(6,795)	4,114	(421,459)	2,309,833	4,271,140	192,183	4,463,323
Profit for the period	-	-	-	-	-	-	-	24,380	24,380	8,723	33,103
Change in fair value of equity instruments designated at FVTOCI	-	-	-	-	-	602	-	-	602	-	602
Deferred taxation effect on change in fair value of equity instruments designated at FVTOCI	-	-	-	-	-	(151)	-	-	(151)	-	(151)
Other comprehensive income for the period	-	-	-	-	-	451	-	-	451	-	451
Total comprehensive income for the period	-	-	-	-	-	451	-	24,380	24,831	8,723	33,554
Dividend paid to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	(5,165)	(5,165)
Acquisition of non-controlling interest	-	-	-	-	-	-	119	-	119	(405)	(286)
Acquisition of subsidiaries	-	-	-	-	-	-	(3,627)	-	(3,627)	-	(3,627)
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	1,359	1,359
Transfer	-	-	8,205	-	-	-	-	(8,205)	-	-	-
At 30 June 2024 (Unaudited)	120,750	1,738,865	291,003	243,034	(6,795)	4,565	(424,967)	2,326,008	4,292,463	196,695	4,489,158

Notes:

- (a) The statutory reserve is non-distributable and the transfer to the reserve is determined by the board of directors of subsidiaries established in the People's Republic of China (the "PRC") in accordance with the Articles of Association of the subsidiaries by way of appropriations from its net profit (based on the PRC statutory financial statements of the subsidiaries). Statutory reserve can be used to make up for previous year's losses or convert into additional capital of the PRC subsidiaries of the Company.
- (b) The amount recorded in the other reserve was resulted from the following as below:
- Other reserve arose from the acquisitions of additional equity interests in subsidiaries and the disposal of partial equity interests in subsidiaries, which represent the difference between the consideration and the adjustment to the non-controlling interests.
 - The Company recognised expense in relation to share options granted by Fantasia Holdings Group Co., Ltd to eligible directors of the Company and employees of the Group and credited to other reserve.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024



	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
OPERATING ACTIVITIES		
Cash used in operations	(156,132)	(14,970)
Income tax paid	(15,763)	(4,523)
NET CASH FROM OPERATING ACTIVITIES	(171,895)	(19,493)
INVESTING ACTIVITIES		
Interest received	3,115	1,560
Acquisition of subsidiaries (net of cash and cash equivalents disposed)	(3,400)	(7,644)
Deposit (paid) refund for acquisition of subsidiaries	(1,100)	472
Disposal of associates and joint ventures	1,049	–
Settlement of consideration payable of non-controlling interests and associates	(1,286)	–
Settlement of consideration receivables of disposal of subsidiaries	–	11,504
Purchase of property, plant and equipment	(25,285)	(14,719)
Net proceeds of disposal of property, plant and equipment, investment properties and early termination of lease contracts	250	39,131
Capital injection to associates and joint ventures	–	(500)
(Decrease) increase in pledged/restricted bank deposits	(10,326)	3,221
Repayment of loan receivables	–	8,033
Advances to related parties	(10,312)	(27,389)
Repayment from related parties	10,542	20,486
NET CASH (UESD IN) GENERATED FROM INVESTING ACTIVITIES	(36,753)	34,155
FINANCING ACTIVITIES		
Repayments of lease liabilities	(5,811)	(4,144)
Advance from related parties	4,352	–
Repayment to related parties	(3,931)	(27,896)
Dividends paid to non-controlling shareholders of the subsidiaries	(5,165)	(4,934)
NET CASH UESD IN FINANCING ACTIVITIES	(10,555)	(36,974)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(219,203)	(22,312)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	947,904	757,116
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, Represented by bank balances and cash	728,701	734,804

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments that are measured at fair values, as appropriate.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2023.

Application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”)

In the current interim period, the Group has applied the following amendments to HKFRSs issued by HKICPA, which are mandatorily effective for the annual periods beginning on or after 1 January 2024 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>
Amendments to HKFRS 16	<i>Lease liability in Sale and leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current and related amendment to Hong Kong Interpretation 5 (2020)</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i>

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024



3. REVENUE AND SEGMENT INFORMATION

Disaggregation of revenue from contracts with customers

	For the period ended 30 June 2024		
	Property management services RMB'000 (Unaudited)	Value-added services RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Types of goods and services			
<i>Property management services</i>			
Lump sum basis	906,129	–	906,129
Pre-delivery services	3,950	–	3,950
Commission basis	19,634	–	19,634
Consultancy services	129	–	129
	929,842	–	929,842
<i>Value-added services</i>			
Online promotion services	–	8,429	8,429
Sales and rental assistance	–	24,647	24,647
Engineering services	–	3,713	3,713
Other value-added services	–	7,857	7,857
	–	44,646	44,646
	929,842	44,646	974,488
Timing of revenue recognition			
A point in time	–	5,784	5,784
Over time	929,842	38,862	968,704
	929,842	44,646	974,488

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

Disaggregation of revenue from contracts with customers *(Continued)*

	For the period ended 30 June 2023		
	Property management services RMB'000 (Unaudited)	Value-added services RMB'000 (Unaudited) (Represented)	Total RMB'000 (Unaudited) (Represented)
Types of goods and services			
<i>Property management services</i>			
Lump sum basis	672,135	–	672,135
Pre-delivery services	3,870	–	3,870
Commission basis	50,729	–	50,729
Consultancy services	1,369	–	1,369
	728,103	–	728,103
<i>Value-added services</i>			
Online promotion services	–	21,716	21,716
Sales and rental assistance	–	5,518	5,518
Engineering services	–	1,465	1,465
Other value-added services	–	1,530	1,530
	–	30,229	30,229
	728,103	30,229	758,332
Timing of revenue recognition			
A point in time	–	5,518	5,518
Over time	728,103	24,711	752,814
	728,103	30,229	758,332

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024



4. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker (the “CODM”).

During the period ended 30 June 2024 and 2023, the Group is principally engaged in the provision of property management services and related services in the PRC. Management reviews the operating results of the business as a single operating segment as the nature of services, the type of customers for services, the method used to provide their services and the nature of regulatory environment is the same in different regions.

Information about major customer

There were no sales to a single customer which amounted to 10% or more of the Group’s revenue during the period ended 30 June 2024 and 2023.

Information about geographical areas

The principal operating entities of the Group are domiciled in the PRC and the majority of the revenue was derived in the PRC during the period ended 30 June 2024 and 2023.

As at 30 June 2024 and 31 December 2023, the majority of the non-current assets of the Group was located in the PRC.

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2024 RMB’000 (Unaudited)	2023 RMB’000 (Unaudited)
Current tax		
PRC Enterprise Income Tax	(14,372)	(13,820)
Deferred tax		
Credit to profit and loss	1,058	1,745
	(13,314)	(12,075)

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

6. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Profit for the period has been arrived at after charging (crediting):		
Staff costs	314,889	244,670
Government grant	(2,560)	(3,626)
Partial exemption of PRC Value-added tax	(1,243)	(2,243)
Exchange loss	(85)	(444)
Loss on disposal of subsidiaries, net (note)	3,055	15,752
Loss on disposal of right-of-use assets, net	–	21,984
Amortisation of intangible assets	–	689
Depreciation of property, plant and equipment (note 9)	11,342	7,438
Depreciation of right-of-use assets (note 10)	9,980	9,563

Note:

During the period ended 30 June 2024, the Group disposed of certain subsidiaries at insignificant considerations in aggregate, after consideration of the impact of net assets disposed of and non-controlling interests, the net losses on disposal of the aforesaid subsidiaries were approximately RMB3,055,000 (six months ended 30 June 2023: RMB15,752,000).

7. DIVIDENDS

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024



8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	24,380	30,719
Number of shares ('000)		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	1,487,526	1,487,526

For the periods ended 30 June 2024 and 2023, the computation of diluted earnings per share does not assume the exercise of certain share options granted by the Company as the exercise prices of the respective options were higher than the average market price per share.

9. PROPERTY, PLANT AND EQUIPMENT

The movements in property, plant and equipment during the six months ended 30 June 2024 are summarised as follows:

	RMB'000
At 1 January 2024 (Audited)	42,940
Additions	25,285
Depreciation for the period	(11,342)
Disposal of subsidiaries	(8)
At 30 June 2024 (Unaudited)	56,875

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

10. RIGHT-OF-USE ASSETS

The movements in right-of-use assets during the six months ended 30 June 2024 are summarised as follows:

	RMB'000
At 1 January 2024 (Audited)	207,109
Inception of lease	63
Acquisition of subsidiaries	8,258
Depreciation for the period	(9,980)
At 30 June 2024 (Unaudited)	205,450

11. INVESTMENT PROPERTIES

The movements in investment properties during the six months ended 30 June 2024 are summarised as follows:

	RMB'000
At 1 January 2024 (Audited)	19,561
Addition	417
Disposals	(352)
Net change in fair value recognised in profit or loss	(1,385)
At 30 June 2024 (Unaudited)	18,241

The fair values of the Group's completed investment properties at 30 June 2024 and 31 December 2023 have been arrived at on the basis of valuations carried out on that date by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent qualified professional valuer not connected with the Group which has appropriate qualification and relevant experiences in valuation of similar properties in the relevant locations. The valuations of completed investment properties were arrived at by reference to market evidence of transaction prices for similar properties in the similar locations and conditions, where appropriate. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024



12. GOODWILL

	RMB'000
At 1 January 2024 (Audited)	906,944
Acquisition of subsidiaries	2,541
Disposal of subsidiaries	(3,560)
At 30 June 2024 (Unaudited)	905,925

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Goodwill	905,925	906,944

For the purpose of impairment testing, goodwill above has been allocated to certain groups of cash-generating units ("CGU"), comprising Shenzhen region, Southern China, Eastern China, Southwestern China, Northwestern China, Northeastern China, Northern China and Central China. As at 30 June 2024, the carrying amounts of goodwill (net of accumulated impairment losses) allocated to these groups of CGU are as follows:

	RMB'000
Shenzhen region	9,707
Southern China	199,331
Eastern China	302,213
Southwestern China	248,512
Northwestern China	13,827
Northeastern China	3,970
Northern China	71,099
Central China	57,266
Total	905,925

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

12. GOODWILL *(Continued)*

During the period ended 30 June 2024, the management of the Group determined that there is no impairment of any of these groups of CGU containing goodwill arising from the acquisition of businesses and/or business combination under common control.

The recoverable amounts of the above groups of CGU have been determined based on a value-in-use calculation. The calculation uses cash flow projection based on financial budgets approved by the management covering a five-year period, growth rates in revenue, estimated gross profit, estimated profit before tax and discount rates as at 30 June 2024.

Cash flow projections during the budget period for the groups of CGU are based on the management's key estimation of future cash flows including the growth rates in revenue, estimated gross profit, estimated profit before tax and discount rates.

The discount rates reflect specific risks relating to the relevant group of CGU. The growth rates within the five-year period have been based on past experience and management's expectation of market development. The cash flows beyond the five-year period are extrapolated using zero growth rate.

	30 June 2024 RMB'000	31 December 2023 RMB'000
Discount rates	14.3%	15.3%
Growth rate within the five-year period	2%-6%	2%-8%

The management of the Group believes that any reasonably possible change in the key estimation of the value-in-use calculation would not cause the carrying amounts to exceed its recoverable amounts.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024



13. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Trade receivables	1,111,483	858,322
Less: allowance for credit losses	(201,022)	(206,514)
	910,461	651,808
Other receivables and prepayments:		
Refundable deposits	955,935	962,790
Advances to staffs	113,053	93,215
Prepayments to suppliers	318,439	242,867
Consideration receivables for disposal of Subsidiaries and other equity investments	101,019	102,438
Receivables for residential and commercial units rental assistance services on behalf of customers	75,369	47,234
Others	196,197	168,748
	1,760,012	1,617,292
Less: allowance for credit losses	(162,384)	(156,835)
	1,597,628	1,460,457
	2,508,089	2,112,265

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

13. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS *(Continued)*

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Classified as:		
Non-current		
Other receivables	5,749	6,007
Current		
Trade receivables	910,461	651,808
Other receivables and prepayments	1,591,879	1,454,450
	2,502,340	2,106,258
	2,508,089	2,112,265

The following is an aging analysis of trade receivables presented based on the invoice date or date of demand note at the end of the reporting period, which the invoice date or the date of demand note represented the payment due date:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
0 to 30 days	148,317	122,044
31 to 90 days	179,382	101,165
91 to 180 days	150,373	117,186
181 to 365 days	206,222	119,626
Over 1 year	226,167	191,787
	910,461	651,808

Details of the impairment assessment are set out in note 17.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024



14. LOAN RECEIVABLES

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Fixed rate loans	194,737	194,737
Less: allowance for credit losses	(67,873)	(52,798)
	126,864	141,939

Details of the impairment assessment are set out in note 17.

15. PAYMENTS/RECEIPTS ON BEHALF OF RESIDENTS

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Payments on behalf of residents		
– under commission basis	1,103,218	1,084,062
– under lump sum basis	75,791	79,078
– under consultancy services arrangements	295	295
	1,179,304	1,163,435
Less: allowance for credit losses	(409,776)	(406,605)
	769,528	756,830
Receipts on behalf of residents		
– under commission basis	38,735	164,612
– under lump sum basis	5,225	15,573
	43,960	180,185

Details of the impairment assessment are set out in note 17.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

16. PLEDGED/RESTRICTED BANK DEPOSITS

At 30 June 2024 and 31 December 2023, the restricted bank balances represented the balance of RMB60,595,000 and RMB50,269,000, respectively, which was frozen under court notice in relation to the unfinalised legal proceedings.

17. IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS AND OTHER ITEMS SUBJECT TO EXPECTED CREDIT LOSS (“ECL”) MODEL

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Impairment (recognised on) reversed of		
– trade and other receivables	(13,675)	(22,870)
– contract assets	(4)	–
– payments on behalf of residents	(3,171)	(26,219)
– amounts due from related parties	(1,289)	–
– loan receivables	(15,075)	2,323
	(33,214)	(46,766)

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2023.

As at 30 June 2024, except for certain balances of trade receivables, payments on behalf of residents, contract assets and amount due from a joint venture and loan receivables, the balances of other receivables, amounts due from fellow subsidiaries, non-controlling shareholders of the subsidiaries, related parties, associates and joint ventures and loan receivables are all not past due. In the opinion of the directors of the Company, the risk of default by these counterparties is not significant and thus the Group assessed that the ECL on these balances are insignificant.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024



18. TRADE AND OTHER PAYABLES AND ACCRUALS

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Trade payables	500,260	378,876
Other payables and accruals:		
Deposits received	35,964	44,844
Accrued staff costs	120,930	118,833
Provision for social insurance contributions	21,341	20,970
Other taxes payables	8,873	8,462
Other payables and accruals	6,235	17,894
	193,343	211,003
	693,603	589,879

The following is an aging analysis of trade payables presented based on the invoice date at the end of the reporting period:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
0-60 days	214,244	166,870
61-180 days	201,674	156,228
181-365 days	74,039	45,885
Over 1 year	10,303	9,893
	500,260	378,876

19. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Ordinary Shares of HK0.1 each		
Authorised:		
At 1 January 2024 and 30 June 2024	50,000,000	5,000,000
Issued and fully paid:		
At 1 January 2024 and 30 June 2024	1,487,526	148,753

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

19. SHARE CAPITAL *(Continued)*

	Amount RMB'000
Shown in the condensed consolidated financial statements as:	
At 30 June 2024 (Unaudited)	120,750
At 31 December 2023 (Audited)	120,750

20. SHARE OPTION SCHEMES

The following table discloses movements of the Company's share options held by directors, employees and non-controlling shareholders of certain subsidiaries during the current interim period:

Category of grantees	Date of grant	Vesting period	Outstanding at 1 January 2024 '000	Lapsed during the period '000	Exercised during the period '000	Outstanding at 30 June 2024 '000
Directors	29 September 2014	29/9/2014 – 28/9/2015	471	-	-	471
		29/9/2014 – 28/9/2016	472	-	-	472
		29/9/2014 – 28/9/2017	265	-	-	265
	30 April 2015	30/4/2015 – 29/4/2016	49	-	-	49
		30/4/2015 – 29/4/2017	49	-	-	49
		30/4/2015 – 29/4/2018	70	-	-	70
	18 March 2016	18/3/2016 – 17/3/2017	41	-	-	41
		18/3/2016 – 17/3/2018	40	-	-	40
		18/3/2016 – 17/3/2019	41	-	-	41
	27 November 2018	27/11/2018 – 26/11/2019	746	-	-	746
		27/11/2018 – 26/11/2020	745	-	-	745
		27/11/2018 – 26/11/2021	776	-	-	776
			3,765	-	-	3,765
Employees and non-controlling shareholders of certain subsidiaries	29 September 2014	N/A	839	-	-	839
		29/9/2014 – 28/9/2015	3,359	-	-	3,359
		29/9/2014 – 28/9/2016	3,359	-	-	3,359
		29/9/2014 – 28/9/2017	1,672	-	-	1,672
	30 April 2015	30/4/2015 – 29/4/2016	2,857	(30)	-	2,827
		30/4/2015 – 29/4/2017	2,856	(29)	-	2,827
		30/4/2015 – 29/4/2018	2,856	(29)	-	2,827
	18 March 2016	18/3/2016 – 17/3/2017	3,126	(15)	-	3,111
		18/3/2016 – 17/3/2018	3,125	(15)	-	3,110
		18/3/2016 – 17/3/2019	3,123	(15)	-	3,108
	27 November 2018	27/11/2018 – 26/11/2019	4,865	-	-	4,865
		27/11/2018 – 26/11/2020	4,865	-	-	4,865
27/11/2018 – 26/11/2021		4,865	-	-	4,865	
			41,767	(133)	-	41,634
Total			45,532	(133)	-	45,399

No expense was recognised by the Group for both the period ended 30 June 2024 and 2023 in relation to share option granted by the Company.

During the current interim period, 133,000 (six months ended 30 June 2023: 893,000) share options to directors and employees were lapsed and no share options were exercised.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024



21. SHARE AWARD SCHEME

The directors of the Company has adopted a share award scheme (the “Share Award Scheme”) on 4 July 2016 for certain employees of the Group and consultants to the Group as incentives or rewards for their contribution to the Group by way of the Company’s shares acquired by and held through an independent trustee appointed by the Company (the “Trustee”) until fulfilment of special conditions before vesting.

Up to 30 June 2024, total of 1,802,000 (31 December 2023: 1,802,000) Company’s shares acquired have not been awarded to eligible employees or consultants.

22. CAPITAL AND OTHER COMMITMENTS

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Consideration committed in respect of acquisition of subsidiaries contracted for but not provided in the condensed consolidated financial statements	21,783	22,883
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	26,423	27,282

23. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair values of the Group’s financial assets and financial liabilities that are measured at fair value on a recurring basis.

The following table gives information about the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

23. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS *(Continued)*

	Fair value at		Fair value hierarchy	Valuation technique and key input
	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)		
Equity instruments designated at FVTOCI	13,884	13,282	Level 3	Discounted cash flow – Future cash flows are estimated based on further financial performance and discount rates.

As at 30 June 2024 and 31 December 2023, the fair value of equity instruments designated at FVTOCI is estimated by an independent valuer through application of generally accepted pricing models based on discounted cash flow analysis, which involved key estimates of expected future financial performance and discount rates.

24. RELATED PARTY DISCLOSURES

(a) Related party transactions

Apart from the related party transactions disclosed elsewhere in the condensed consolidated financial statements, the Group had following significant transactions with related parties during the interim period:

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Pre-delivery services income		
Fellow subsidiaries	741	418
An associate of Fantasia Holdings Group Co., Limited	112	–
	853	418
Value-added service		
Other related parties	172	–
Engineering services income		
Fellow subsidiaries	884	–

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024



24. RELATED PARTY DISCLOSURES (Continued)

(b) Related party balances

At the end of the reporting period, the Group has the following significant balances due from related parties:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Amounts due from fellow subsidiaries	9,017	15,194
Amounts due from associates	25,701	50,966
Amounts due from joint ventures	39,034	88,910
Amounts due from other related parties	23,005	53,216
	96,757	208,286
	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Amounts due from fellow subsidiaries		
Non-trade nature	–	6,885
Trade nature	9,017	8,309
	9,017	15,194
Amounts due from associates		
Non-trade nature	25,492	50,774
Trade nature	209	192
	25,701	50,966
Amounts due from joint ventures		
Non-trade nature	39,034	88,910
Amounts due from other related parties		
Non-trade nature	23,001	53,205
Trade nature	4	11
	23,005	53,216

Details of the impairment assessment are set out in note 17.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

24. RELATED PARTY DISCLOSURES *(Continued)*

(b) Related party balances *(Continued)*

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Amounts due to fellow subsidiaries	11,054	16,226
Amounts due to associates	25,668	21,316
Amounts due to joint ventures	2,164	2,164
Amounts due to other related parties	494	795
	39,380	40,501
	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Amounts due to fellow subsidiaries Non-trade nature	11,054	16,226
Amounts due to associates Non-trade nature	25,668	21,316
Amounts due to joint ventures Non-trade nature	2,164	2,164
Amounts due to other related parties Non-trade nature	494	795

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024



24. RELATED PARTY DISCLOSURES *(Continued)*

(c) Compensation of key management personnel

The remuneration of key management personnel during the interim period were as follows:

	Six month ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Short-term benefits	5,989	7,246
Post-employment benefits	321	359
	6,310	7,605

25. MAJOR NON-CASH TRANSACTIONS

During the six months ended 30 June 2024, the Group entered into certain new lease agreements for the use of office premises and departments for two years. On the lease commencement, the Group recognised RMB63,000 (six months ended 30 June 2023: RMB20,731,000) right-of-use assets and RMB63,000 (six months ended 30 June 2023: RMB20,731,000) lease liabilities.

26. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to confirm with the current period's presentation.



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